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In This Issue

The Members' Forum

Analysis of Modern Industrial Management
Need for Modern Management in Small Factories
Tendencies in Management

The Management Index

Abstracts and Descriptive Notes of Company Activities Including
Office Management
Office Management
Production Management
Sales Management

Survey of Books for Executives

An Outline of the British Labor Movement, PAUL BLANSHARD
The Strike for Union, HEBER BLANKENHORN
The Merchants Manual, LEW HAHN AND PERCIVAL WHITE
Handbook of Sales Management, S. ROLAND HALL

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AMERICAN MANAGEMENT REVIEW

July, 1924

THE MEMBERS FORUM

Analysis of Modern Industrial Management

People invest their money in business for the sake of the profits which they believe the business will earn. Otherwise there would be no industries. Such money paid out for stocks or bonds is turned into fixed assets—plant, machinery and equipment, into raw materials and finished stock and into working capital. The careful investor, or the banker who makes a loan assures himself of the reality of the assets back of the stock, bond or note offered as security for this money and of the effectiveness of the *management*.

The security of the investor's principal and the amount of profits earned continuously as well as the security of the workman's job and the continuity of his earnings depend upon the character and the effectiveness of the management. Over a period of years these depend—provided the business has an economic reason for existence—upon the vision and upon the fairness of the management to capital, to labor and to the public. Large industries look to the future as well as to the present. Excessive profits earned at the expense of capital, of labor or of the public have not generally proved to be continuous. For this reason enlightened management has gradually grown to be considered as a more important asset than plants, goods or working capital.

The term management is now generally used by business men, bankers, and the investing public to indicate the forces which are responsible for the safety of invested capital and the continuity of satisfactory earnings from such investment. Safety and earning power depend upon the wise purchase of raw materials, upon efficient production—which means a low labor turnover and the elimination of wastes of labor and material—upon an effective sales force and upon conservative financial management.

Management has two principal functions. One is concerned with the formulation of policy and the other with carrying out the policy decided

upon. Wise management—like a wise man—first thinks and then acts. These two functions are now generally described as the administrative and the executive functions.

The administrative function in modern business, being responsible for decisions as to policy, is concerned with the collection of facts, with their arrangement, and correlation with analysis and with the formation of judgment as to the wisest course to pursue. What was formerly done by intuition, guess and "by experience" is now done with the aid of the statistical accounting and cost departments which furnish the facts upon which administrative control is based.

The executive function of management—being responsible for carrying out administrative policy, is concerned with personnel—with the motivation of the organization to operate most effectively in accordance with the policies decided upon. The executive is the man who does things and who can inspire his organization—whether it consists of a hundred thousand men or of two clerks—to do things. The executive is consciously or unconsciously a psychologist, he can play upon human emotions; he can inspire others to enthusiasm; he is a teacher;—he "knows how to handle men."

Management then is concerned with the formulation of business policy—with *administration*, and with the motivation of the organization to carry out effectively this policy—with the *executive control* of the personnel.

The men who compose the organization of a modern industry for the most part function at different times as both administrators and as executives although in greatly varying degree. At one extreme is the walking boss or foreman who functions only as an administrator when the plant superintendent calls him in to a works conference and at the other is the statistician or the chemist who acts only as an executive when he directs the activities of his two or three assistants.

The work of the men who compose the organization—the department managers, who as administrators have helped the officers of the company who comprise the General Management to formulate business policy and who as executives are responsible for carrying out this policy in their own department, as divided into—

- I. Financial Management
- II. Production Management
- III. Sales Management

In each of these divisions the personnel problem exists—I. The Treasurer, the Comptroller and the Office Manager must so deal with their subordinates that they will perform their work effectively. II. The Works Manager, the Superintendents and the foremen, the Personnel Manager and the Production Manager must each inspire his own immediate staff as well as all who come within his sphere of influence to efficient activity. III. The sales Manager must handle a highly temperamental

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sales force in such a way that each man will do his best continuously however adverse conditions may be.

In each of the three divisions of management the department heads have their own detailed decisions as policy to be worked out under the general policy decided upon by the General Management but after all the wisest man in the world can accomplish little unless he can inspire his fellows to help him. The human element is paramount,—it runs through all society—and modern industry is only society under an industrial civilization. For this reason modern management—whether sales, production or financial—is concerned quite as much with human relations as with basing decisions upon facts, if it honestly desires to serve the three parties to industry—capital, labor and the public—by such action as will promote safety of investment and the continuity of satisfactory earnings on the part of all concerned.

DWIGHT T. FARNHAM, *Consulting Engineer.*

Need for Modern Management in Small Factories

Innumerable failures in the ranks of our small industries have undoubtedly been occasioned by an absence of knowledge as to which articles or lines of product were, under prevailing conditions, actually profitable, and which were not. Were it possible to compile a list of the multitude of manufacturing establishments with total personnels of five hundred or less, that passed into oblivion during the depression of 1921 and 1922, together with the contributing causes in each case, it would be found that the majority of these met disaster through the interplay of two fundamental conditions, both of which reflect considerably on the type of management that these concerns were subject to as they approached a calamitous winding-up of their affairs. These two conditions were as follows:

1. Through an absence of readily available information as to the comparative economy of different lines of product, they continued to manufacture certain of these long after market and price conditions had rendered it highly unprofitable to do so.

2. Through inability to forecast or sense approaching conditions, they were caught with swollen inventories in a severe business and price depression.

Although these two causes are mentioned as distinct, one from the other, the second, in a certain sense, lies buried in the first. If, in the months immediately preceding the depression, information had been readily at hand as to the monthly cost in material, labor and overhead of each line of product, the probable course of events would doubtless have been indicated with sufficient clearness to suggest the advisability of quick and drastic retrenchment while there was still time for this. Inventories might then have been reduced by the sparing purchase of material and supplies. Unprofitable lines of prod-

uct might have been temporarily discarded. Extraordinary overhead expense, such as that incurred by research or development work, might have been quickly curtailed. It is idle, perhaps, to indulge in a series of "mights," as they relate to past events, but it is likewise difficult to escape a conviction that in the over-production months of 1919, there was abundant warning of the approaching depression, and had our small industries been uniformly in possession of modern cost systems, its cataclysmic proportions might at least have been considerably lessened.

What actually happened is now a matter of history, attested in an admirable way by the following figures from Dun's Review,* on large and small failures in manufacturing establishments for the year 1919-1922, inclusive.

Year	Total Failures		Failures with Liabilities above \$100,000		Failures with Liabilities under \$100,000	
	No. of Failures	Liabilities	No. of Failures	Liabilities	No. of Failures	Liabilities
1919	1,865	\$51,614,216	100	\$29,644,087	1,765	\$21,970,129
1920	2,635	127,992,471	230	89,933,982	2,405	38,058,489
1921	4,495	232,907,185	410	162,495,458	4,085	70,411,727
1922	5,682	214,925,388	369	132,790,993	5,313	82,134,395
Total	14,677	\$627,439,260	1,109	\$414,864,520	13,568	\$212,574,740

The course of the depression is very clearly marked in the foregoing table. It will be observed that in 1919 there were, throughout the country, 1,865 failures in manufacturing industries. In 1920 this figure became 2,635; by the end of 1921 it had further increased to 4,495; and the total for 1922 was 5,682—giving a grand total during the four years of 14,677 failures. While this aggregate embraces both large and small establishments, it is a matter of significance that 13,568 failures or 91.7 per cent of the grand total showed liabilities in each case of under \$100,000 and only 1,109 or 8.3 per cent had liabilities over the \$100,000 mark. It may be safely inferred that an overwhelming preponderance of these failures occurred in establishments operating on limited capitals or, in other words, in our small industries—and that the latter passed out of existence by the thousands during the years under consideration.

In order to comprehend why it was inevitable that the depression should bear heavily on small manufacturing concerns, one has only to consider the relative scarcity of information in these plants as to the comparative economy of various lines of product and productive operations; information which, if available, would assuredly develop a régime of retrenchment against possible adversity. The supposition that industry may be successfully conducted on any other than a "safety first" basis is obviously absurd, yet most of our small industries, through inadequate management, both in the months preceding the depression and during its progress, followed a course of "safety

*Figures compiled from Dun's Review, January 12, 1924.

last," without in the least knowing that they were doing so, and with the general results indicated by the tabulation of failures featured in the preceding paragraph.

According to United States census returns for the year 1919, about fifty per cent of our industrial army is involved in plants with total personnels of less than five hundred. Statistics show, also, that one-third of our total production comes from these small establishments. With these figures before us, there is little need for laying additional stress upon the fact that our small plants should benefit by every development of modern management—Stores control, Production control, Expense budgets, Time analysis—and above all, that they should have modern cost systems.

Industry cannot today be successfully conducted along the simple lines of the craftsmanship era, although the majority of small plants still strive to operate somewhat in this way. Great industrial expansion has brought with it keen and widespread competition in practically all branches of manufacture. In order to intelligently meet this competition, all the elements which in combination form total cost, must be established, recorded and controlled. Such control is obviously impossible in manufacturing establishments that still employ management methods that were fashionable in 1850, and it is no exaggeration to assert this as characteristic of most of our small industries today.

GEOFFREY C. BROWN,

Chief Engineer, Jacques Kahn, Inc.

Tendencies in Management

In the past, technical societies and business organizations have in most cases devoted their attention to single phases of management, but the time has come for such societies to take a more comprehensive grasp of the subject. The emphasis in the progress of management engineering was first placed on time and motion study and wage systems: personnel work then took first place in popular interest, which it has recently yielded to material handling.

It is to be hoped that the American Management Association will broaden its scope and eventually cover the whole field of management. It is not desired to minimize the importance of personnel work or to devote any less attention to it in the publications and meetings of the Association, for its intensive study and the exchange of experience in this organization have been of great value to industry. It would be, however, worth while to devote more attention to the other phases of management in order to secure the same good results.

Behind all successful manufacturing operation, there are the mechanisms of management, as they are sometimes called, that is, plant layout, stores-keeping, planning and scheduling, progress of work or production recording,

and cost keeping. There are similar mechanisms in the fields of distribution and of financial control.

The pioneering has already been done in the development of these so-called mechanisms of management, as well as in time and motion study, material handling and personnel work, and it would seem that the work of the American Management Association, so far as these phases of management are concerned, is to sift out the best methods and to help get them more widely adopted by industry.

Pioneer work is now being done in the methods of controlling a business in its entirety. No phase of management is static; there is a continual ebb and flow of sales, prices, stocks on hand, of workmen, of technical knowledge and of ideas and the rate of flow of each part of a business influences that of the other parts. Methods are being developed for measuring this rate of flow of the various parts of an industry and of predicting the effect of an acceleration or a retardation of one part on the others.

During the next five or ten years the pioneering in management is likely to be toward better methods of influencing men's minds. A homely definition of management is "getting work done," and it is obvious that this must be done through the minds of men. A great deal has already been done toward understanding the mind of the workmen. We no longer assume, as Taylor did, that it is a natural instinct for men to go slow. We have learned that a man's desire to create is much stronger than his propensity to soldier and consequently we do not try to discover means to make a man work, but we attempt to find out what prevents him from working. This is a radical change in point of view and indicates great progress.

However, the expansion of industry, resulting from division of labor, has given the management a task in the co-ordination of the efforts of all the members of an organization, which is much more difficult than the tasks of the workmen themselves, and comparatively little has been done in the direction of exploring the minds of the men and women in management. Here we are dealing with minds which are more highly developed and more complex than those of the average workmen. We must formulate more clearly the laws of human thought—we need to know not only what a man is but what he thinks he is.

A clearer understanding of the motives and reactions of a foreman, a manager or a president of a corporation will make it easier to get them to accept better methods and the management of industry will then make more rapid progress than it has in the past.

It is to be hoped that the American Management Association will devote more attention to the mechanisms of management, to methods of controlling a business as a whole and to the task of getting better methods accepted and properly used.

WALLACE CLARK, *Consulting Management Engineer.*

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THE MANAGEMENT INDEX

Abstracts and News Items

651. OFFICE MANAGEMENT

651.2 Equipment: *Fixtures, Furniture, Mechanical Appliances*

Establishing a Policy in Buying Office Appliances

The method of procedure followed by the Walworth Manufacturing Company in standardizing their various machines has as its basis a careful study of the merits involved and decisions made without undue influence on the part of the salesmen or manufacturers. An attempt has been made to eliminate guess work and apply scientific principles to the purchase of office equipment. By W. C. Mattox. Convention address before the National Association of Office Managers. June, 1924.

The New Tendency in Office Furnishing

There is a well defined tendency today on the part of executives to use odd household pieces in their personal offices. This is particularly true of chairs. The reason is, that the executive of today realizes that bodily comfort has an important bearing on personal efficiency. But the real urge back of it seems to be a desire to exercise greater personal expression with the result that offices are not only individual but artistic. By Joseph F. Taylor. *Office Appliances*, June, 1924, p. 96:2.

651.3 Organization: *Job Analysis, Employment, Pay*

How to Meet the Demand for Office Help

The Stanley Works solves this problem by anticipating the needs at the season of the year when high school and college graduates are available and by a systematic plan of promotion from those in minor positions to those of more responsibility. Particularly good workers are further trained and kept against needs in a service department. Each year a limited number of college and technical graduates are employed. Care is taken not to sell them on the desirability of a connection with the Stanley Works, but rather to give them an opportunity to size up the situation and form their own opinion. In addition a course of lectures is given each winter by executives or department managers at which time the procedure in each department is discussed. This with a concerted

endeavor on the part of the department head or office manager to find the inclinations and ambitions of the workers. By W. R. Fletcher. Convention address before the National Association of Office Managers, June, 1924.

Does the Use of Machinery Retard Individual Development?

The conclusion drawn by a member of the Yale and Towne Manufacturing Company is that by relieving him of monotonous and routine work, the initiative and resourcefulness of the individual is promoted. By A. B. Nordin, Jr. Convention address before the National Association of Office Managers, June, 1924.

The Future of an Office Manager

The two main factors in the arrested development of the profession of Office Man-

agement have been: 1. Lack of preparatory training. 2. Lack of understanding of the remainder of organization as to the true value of the office man. By G. K. Batt. Address before the National Association of Office Managers, June, 1924.

The Human Side of Management

The president of the American Kardex Company specializes in developing men, in

helping them to become more useful to themselves, their community and to their organizations. He explains in detail many of the methods used by the Kardex Company and emphasizes the importance of controlling expenditures at their source. By James H. Rand, Jr. Convention address before the National Association of Office Managers, June, 1924.

651.4 Administration: Regulations, Supplies, Communications

We Found a Better Way to Run Our Mailing Department

Plans have been adopted by the American Mutual Liability Insurance Company to save time and money in their mailing department. There are several ways in which they are co-operating with the post office, one of which is in the use of a postage meter machine. This eliminates four operations on outgoing mail: facing, canceling, primary and secondary sorting. Other time-saving methods are given in detail, with illustrations. By Carl Stone Crummett. *Sales Management*, June, 1924.

Administrative Voices

The Round Table is the most democratic of all business equipment, it is a symbol of equality in discussion. The subordinate worker feels freer to offer constructive suggestions than in the more autocratic meeting. By C. M. Littlejohn. *Industrial Management*, June, 1924, p. 335:1.

Speeding Up the Mailing Department

The American Bank of Commerce & Trust Company is the first bank in Arkansas to install a postage meter machine. This printing and recording device eliminates the postage stamp and in place of that makes an impression on the envelopes similar to the indicia of the government franked mail. Every impression of the machine represents two cents paid by the bank. The meter is detached and sent to the postoffice to be set for as many impressions as the bank desires, although

it has a capacity of 100,000 imprints. The door of the meter is locked and sealed at the postoffice after each setting.

Metered mail eliminates a number of operations at the postoffice, thus speeding up the mail so that it reaches its destination hours ahead of the time of the former method. *The American*, May, 1924.

Standards That Relieve the Executive of Details

Standard practice instructions for all kinds of routine problems will lessen the need for personal direction. Detail when fixed by experts and put into effect by properly trained workers, should greatly lessen both the expense and the burden of management. By Paul M. Atkins. *Management*, June, 1924, p. 62:2.

Working Habits That Shorten the Manager's Day

A symposium in which seven successful company presidents tell how they do the day's work. These companies are: Corn Products Refining Company; Certain-Teed Products Corporation; Studebaker Corporation; Holeproof Hosiery Company; Endicott Johnson Corporation; Ross-Gould Company and the American Rolling Mill Company. *System*, June, 1924, p. 778:3.

Branch Office Control

Efficiency in service through standardization of Branch Office Control was necessary to the Retail Credit Company and has been accomplished by working out a

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very definite system which assures subscribers of the same service from all Branches. Although the idea of standardization is carried out in every possible detail, there is a continual endeavor to improve standards and a suggestion committee is maintained, operating as a clearing house for ideas of employees, who are encouraged in giving thought to the problems of the organization by being paid for schemes which are adopted by the suggestion committee of the home office. Har-

mony between home and branch offices is sustained by extensive travel and liaison by examiners and executives. A bonus plan and system of promotion reward the conscientious and efficient. The one big thing in branch office control is psychological and hard to explain or define. It is best obtained by the cultivation of personal relationships. By T. G. Woolford. Round Table discussion at Convention of National Association of Office Managers, June, 1924.

651.41 Classification of Employees: *Selection, Tests, Promotion*

What Is the Letter of Application Worth?

There is a pitiable neglect of scientific selection methods in plant and office. This article considers methods of determining the reliability and the validity of a test and applies them to letters of application. There is great unreliability in selecting from letters. As ordinarily used, this selection should not be relied upon to do more than to bring the employer the names and addresses of interested candidates but it is capable of such modification as to render it of almost as much service as the best interview in selecting prospects. By Donald Laird. *Industrial Management*, June, 1924, p. 336: 7.

Intelligence and Job Tests

Clerical tests used by the largest plant of the Eastman Kodak Company are de-

scribed. These tests were first given to employees of the company and a comparison was made between the rating given each worker by the head of his department and the test rating. In only 50 per cent of the cases did these ratings prove identical. These comparisons were made by charts. As a result, when an applicant makes less than "C" he is not employed. It is evident from the results that the tests rate the employees higher than do the department heads. This is believed to be due to a tendency to consider a person "average" rather than "above average" or "below average." The conclusion has been reached that these tests are satisfactory and the company intends applying them to all girls seeking clerical jobs in their main office. By M. B. Folsom. Round Table discussion before National Association of Office Managers, June, 1924.

651.447 Training and Education: *Schools, Libraries, Employee Publications*

Training Office Workers

Details of the training of office girls by the American Rolling Mill Company include stenography, typing, cutting stencils, letter writing, spelling, organization work and the use of various time-saving equipment. They are also taught how to use the telephone correctly. This instruction is done in the mornings. In the afternoons

they are sent to different departments for three weeks and then transferred to some other department so as to become familiar with the work. When a call for permanent help is received, the most promising girl is selected and assigned. By A. J. Beatty. Convention address before the National Association of Office Managers. June, 1924.

The Public School's Part in the Training of Office Workers

Because of specialization in office work, skill is being demanded of those who participate in it. This specialization causes boys and girls to seek training, either in schools or through experience, for the performance of some particular task. Thus the attention of both instructor and pupil is turned away from business principles to business skills. The office worker rarely sees far enough beyond his own job to grasp the principles of management, an understanding of which is so necessary to promotion to an executive position. By Professor F. G. Nichols. Address before the National Association of Office Managers, June, 1924.

Librarian Diplomats and Detectives

One of the most interesting features of the library service of the Federal Reserve Bank is the making of a digest of the important financial news in the daily papers and printing it as the daily Newspaper Review. The library serves this bank in three ways: First, by reading the current literature and news of banking and affiliated subjects as issued, and keeping the bank personnel informed of what is being printed. Second, by accumulating, indexing, and filing all this information for quick reference. Third, by searching out information on request. To care for this service the library has a staff of eight trained workers. By George W. Gray. *Burroughs Clearing House*, June, 1924, p. 5:4.

651.5 Records: *Forms, Charts, Cards, Files, Statistics*

Things Worth While in Business

The benefits to be derived from loyalty and length of service, and the contacts between employer and employee are among the things which cost nothing, but pay big dividends to both worker and manager, according to the experience of the New York Life Insurance Company. One of the largest filing systems in the world is described in detail, and its infallibility featured. By Elbert D. Murphy. Convention address before the National Association of Office Managers, June, 1924.

The Office Manager as an Engineer

The most important thing to know about your office, after finding out what work is being done, is the volume of work going through. On any angle of office management which comes up, you should be in a position to give the immediate facts—keep them available in tables, charts, graphs, blueprints, in whatever form they serve you best. Certain items from different departments will be found to move along contemporaneously, or conjointly with a time lapse between them. One item moves up and a few weeks later the other item moves up also. If you find that the volume

of the second item is directly dependent on the volume of the first item, you have a valuable indicator in planning and controlling your office work. By Edwin M. Robinson. Convention address before the National Association of Office Managers, June, 1924.

When Shall We Destroy Those Old Records?

The experience of the Lincoln National Life Insurance Company in solving the problem of just how long records should be maintained mentions the legal as well as the utilitarian aspect. Kindred to this problem is that of the methods of filing and storing such records, bearing in mind the importance of the record, the fire hazard involved and the costs of storing. The most economical method of destroying records is also an important part of the study of this question. By F. L. Rowland. Convention address before the National Association of Office Managers, June, 1924.

How to Guard Against Loss in Business Depression

The data presented is an outgrowth of four years of research devoted to the

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project of measuring business conditions. For the interpretation of this data a new unit of measure was used, based upon the relation of business earnings to business conditions. A chart is presented which foretells the approaching advent of the great depression of 1920-21, and shows

that this was not a sudden development but rather the cumulative result of a consistent trend in affairs for over three years. The value of the indications of this method depends upon how promptly data is kept up to date. By William E. Dunn. *The Executive*, June, 1924.

651.7 Correspondence and Reports: *Letters, Minutes, Notices.*

Saving \$10,000 a Year in Handling Office Mail

The manager of mail, baggage, and express traffic, Northern Pacific Railway Company, tells in an illustrated article how several usual leaks in the mail department were stopped. The principle back of this saving lies in the consolidation of work, which prevents duplication. By Dan C. Pettibone. *System*, June, 1924, p. 768:3.

How a Red Pencil Saves Time

"When a letter is fished out of a pile on the desk, or taken from the files, often considerable time is spent in locating a special point, especially if several subjects are dealt with in the letter. To avoid this loss of time I always read my mail with a red pencil at hand and circle

or underscore any point that I am likely to refer to again. The red marks stand out prominently, and I can tell at a glance what any letter I have previously read deals with. It takes no appreciable time to do this marking and many a minute is saved. I follow the same plan in handling all credit reports.

If a report or a letter is to be filed I put a ring around the name under which I wish to have it filed. The name is often in the middle of a report, so that besides insuring proper filing, the red circles save time for the filing clerk, too.

For quick reference, I mark my magazines and financial articles in the same way. A red pencil, I find, is more satisfactory than a black or blue one as the contrast shows up more sharply." By H. M. Cary. *System*, May, 1924.

658. PRODUCTION MANAGEMENT

658.1 General: *Promotion, Finance, Organization*

How We Make It Easy to Apply the Ounce of Prevention in Management

A system is described which accomplishes three important executive tasks: keeps production costs at their proper level; prevents hidden losses of excessive labor turnover; makes constant improvement in productive efficiency. The distinction is drawn between comparing costs with a mental average of past performance and comparing them with a scientific standard. A constant check is kept on individual

production and on labor turnover, by analysis cards, including trouble cards, printed in red and showing reasons for lost time. The system also brings to light immediately any incipient tendency toward waste. By A. B. Nevins. *Factory*, June, 1924, p. 813:5.

Results of Scientific Management From the Viewpoint of Corporate Control

After outlining the difficulties attendant to establishing scientific management in an

industry, the character of which had been based on antiquated methods, the vice-president and manager of the Holt Manufacturing Company, Peoria Plant, says that "we have absolute and definite control of our shop operations; we can today determine the serial numbers of the product that will leave the assembly floor on a particular day next December, with the full assurance that these particular items of product will be delivered on that par-

ticular day and no other. We have greatly improved the quality of our product, and effected a substantial reduction in its cost. We have eliminated labor troubles and today have a body of workers that is loyal and efficient, and which will challenge comparison with other workers in the industry anywhere." By M. M. Baker. *Management and Administration*, June, 1924, p. 645:2.

658.14 Financing: Banking, Financial Management

Do You Keep a Budget?

The Bell Telephone Company does. It runs its business on a strictly budget basis. The commercial features are very briefly outlined. The Commercial Department estimates are combined with the estimates made by all the other Departments, resulting in a complete budget. By Thorley H. Milligan. *Telephone News*, June, 1924.

Labor's Window on Wall Street

This window is at 120 Broadway, New

York City, where Warren S. Stone, president of the Brotherhood of Locomotive Engineers and labor's premier banker sits with well-known directors of industry. The Brotherhood recently joined hands with the National City Company in a \$3,000,000 bond sale. It was not an underwriting operation between labor and capital, but a joint purchase, the first time such a thing had ever happened. By Silas Bent. *Nation's Business*, June, 1924, p. 25:1½.

658.2 Plant: Location, Lighting, Heating, Ventilation

Figuring Light Cost in Increased Production Instead of Watts Consumed

"Human welfare, as well as corporation profits, demand more adequate lighting; and through adequate lighting there will come greater profits from less waste and more profitable use of time and energy." Examples are given of actual experience in increasing production and lessening waste, as well as improving the working conditions. By Russell J. Waldo. *Factory*, June, 1924, p. 816:2½.

The Increasing Use of Concrete in Factory Construction

The economic advantages of concrete factory construction are summed up as follows:

1. Savings from insurance and maintenance alone are sufficient to warrant an expenditure of one-third more for a non-depreciable, permanent concrete building than a depreciable one would cost.

2. Concrete buildings suffer no depreciation in their structural parts. They escape obsolescence through adaptability to change of occupancy and their fitness to be moved, and no sinking fund need be provided for them. From 10 to 15 per cent more may be spent for such a building than for one whose service life is limited. Depreciation requires a sinking fund sufficient to equal the original cost of the building at the end of its service life, which must be provided for non-permanent depreciable buildings.

3. Efficiency of operation in vibrationless, well lighted, sanitary, comfortable, concrete buildings is certain to yield a considerable annual return on the first cost of the building, often higher than 6 per cent. Strictly speaking, this would mean that double the amount might economically be spent for such a structure.

4. Concrete's first cost is reasonable, less financial hazard is involved in construction, and a direct saving results from speed of construction and earlier occupancy. By H. Colin Campbell. *Industrial Management*, June, 1924, p. 356:7.

The Power Supply of Southern Industry

The Piedmont section of the Carolinas

takes 93 per cent of its power supply from the Southern Power Company. A brief description of this company's plants and transmission system is given. The portable sub-stations to meet emergency conditions form a valuable service. The power is sold wholesale, chiefly to textile mills, throughout the section, with the exception of Salisbury, where it is retailed direct to the customer. Two outstanding advantages in the power situation in this section are that the abundant water power makes possible cheap generation of electricity and that the uninterrupted service from steam plants or other hydroelectric plants is assured by the interconnection of transmission lines. By Ralph G. Macy. *Management and Administration*, June, 1924, p. 663:6.

658.3 Industrial Economics: *Labor and Capital, Wage Theory, Legislation*

A Dying Industry

For more than a century any mention of the city of Fall River, Massachusetts, has almost invariably called to mind but one thing, the cotton industry. Her scores of mills gave employment to more than half a hundred thousand people. Her mills poured millions of dollars into the pockets of families connected with the industry. Today, however, Fall River is a city of misery, want, unemployment, hunger and hopelessness. There are 111 mills in Fall River. Not a dozen of them are running full time. Some mills are managing to use their employees a few days a month; others, a day now and then. By William Robinson. *New Republic*, June 4, 1924.

Can We, Through Improved Machinery, Prevent Wage Inflation?

The new immigration restriction which will go into effect on June 30th will compel industrial executives to give a great deal of thought to labor-saving management. The high wage seal has been and will continue to be the stimulus to America's exceptional industrial progress. One hundred and fifty million dollars' worth of

work must be done by new and better machinery and by better management per year if the labor deficit is to be met. Editorial, *Industrial Management*, June, 1924, p. 321:4.

The Eight-hour Day in Germany

The present crisis over the eight-hour day has demonstrated to all the workers in Germany that the eight-hour workday, which they thought to be one of the unassailable achievements of the revolution, is seriously threatened. The employers know that the German workers would stake their all in the fight for its maintenance, which they consider about the only real achievement that is still left them from their revolution. By Emil Frankel. *Journal of Political Economy*, June, 1924, p. 315:20.

More About the American Standard of Living

Labor in this country hardly realizes the shock which the new American immigration law just enacted has brought to Europe's labor market. Every American consul abroad testifies that millions of European workers have been saving and

stinting to get over here. The working-man abroad feels that here is a chance for himself and for his children, although he knows that he has to work for the dollar. Over there what is there to show for their toil? *Industrial Relations: Bloomfield's Labor Digest*, June 7, 1924.

Radio Talks on Women in Industry

Every man, woman, and child in the United States today is more or less dependent on the work of some of the more than eight and one-half million wage-earning women in this country. Of the 572 occupations listed in the census there were only 35 in which no women were employed. There are more than 50,000 women employed in many different occupations manufacturing such things as iron and steel products, shoes, food, cigars and tobacco, clothing, cotton, silk, and woolen goods. U. S. Department of Labor: Women's Bureau, *Bulletin* No. 36, 1924.

Platform of American Industry

The "presentation of the fundamental views of the Nation's industry on the issues of the day, which was formulated by a special committee of representative industrial leaders, for submission to the major political parties for consideration in drafting their platforms." It is considered as the platform of the manufacturers of the United States. *Industry*, June 7, 1924.

Over-Capacity in Industry

There are two chief conclusions which it seems safe to draw. The first is that no general statement can well be made about the degree of existing over-capacity in American industries, for the reason that

some of them are much more over-expanded in equipment than others. The second is that when productive industry is operating at the peak of activity in many lines simultaneously, the limiting factor is shortage of workers rather than that of factories and mechanical equipment. The Cleveland Trust Company *Business Bulletin*, June 15, 1924.

Wages Compared With City's Cost of Living

The favorable spread between earnings and cost of living, placed factory workers in New York City in a better financial position in March, 1924, than at any other time during the past ten years. It does not necessarily follow, of course, that the worker is now being overpaid, as the relationship between earnings and cost of living in December, 1914, does not represent an ideal but was chosen merely for comparison. The worker is able to buy more goods now than in 1914. He is a better potential consumer. *Industrial Relations: Bloomfield's Labor Digest*, June 7, 1924.

The Efficiency Basis of Wages

The chief argument for less standardization in compensation and more individualization is that by the former method the worker's growth on the job, his information about the business or industry he works for, and his general attitude as a member of the industry tends to become static, limited, and stagnant. True vitality for the individual worker, as well as outlook for increasing return from labor, belong to the efficiency basis for compensation. *Industrial Relations: Bloomfield's Labor Digest*, June 14, 1924.

658.41 Employment: Classification, Selection, Tests, Turnover

Stabilized Employment in a Garment Factory

In December, 1923, the Henry A. Dix and Sons Company, with three factories in New Jersey, after twenty-seven years of

successful operation, was sold and transferred to the employees of the business. But a feature of this transaction which was not widely acclaimed was the fact that Mr. Dix and his son, while conducting a

highly seasonal business in the ladies' garment trade, had been giving their workers stable employment. During the past year the employee directors of the Dix Company have been able to continue the old policies as well as to increase the volume of business 10 per cent. By Jean A. Flexner. *American Labor Legislation Review*, June, 1924, p. 133:1.

Absentees a Liability

Some appreciation of the relation of the individual employee to the employee body as a whole may be had if it is known that certain programs of work must of necessity be mapped out many days before the task is actually begun. Among other things which form the basis of such calculations is the number of employees who will be available daily during the period allotted for the consummation of the work. Therefore, when employees in excess of a fair average which is allowed for, absent themselves, the whole organization becomes disrupted. *Craftwise*, June 9, 1924.

Guaranteed Employment in the Cleveland Garment Industry

The primary purpose of the Cleveland plan is the elimination of seasonal unemployment through the device of offering

an incentive to the only one who has it in his power even to attempt it, the employer. In the Cleveland garment industry a very desirable reward is offered to that manufacturer who succeeds in holding down this seasonal unemployment to a minimum. By Fred C. Butler. *American Labor Legislation Review*, June, 1924, p. 137:1.

Giving the Blind a Chance in Industry

Reference is made to the report by Oscar M. Sullivan, Director of Reeducation in Minnesota. He indicates the methods by which the solution of the problem of the rehabilitation of the blind must be attacked, if success is to be had. Little progress can be made unless there is co-operation with the state rehabilitation service by employers of labor. Employment opportunities were found in these general classifications as follows: small machine parts shops, paper box factories, knitting works, automobile body building and repair shops, novelty advertising companies, electric light globe factory, wooden box factories, paper and cloth bag manufacturers, manufacturers of clocks and chimes, of candies, cigars, foods and beds, and in wholesale hardware companies, flour mills and linen supply companies. By John A. Kratz. *National Safety News*, June, 1924, p. 39:2.

658.44 Employee Service: *Hygiene, Recreation, Lunch Rooms, Stores*

Ethics of Industrial Feeding Reviewed

Within the last few years the feeding of workers within the plant has come to be considered a most profitable proposition from which every sort of employer, both large and small, could gain a profit. One executive who feeds no less than seven hundred workers every noon states that his employees' cafeteria costs his company from twenty to a hundred dollars every month for maintenance, yet since he had installed it he had found more perfect work accomplished during the afternoon hours than previously.

Not for one moment should any executive permit the worker to feel that this is done in the name of charity. Workers like a satisfactory wage enabling them to buy what they have need of for themselves. By Russell J. Waldo. *Cafeteria Management*, June, 1924, p. 9:2.

Safety Council Hears of Injuries to Eyes

There is hardly an industry in the United States in which employees are not exposed to some form of eye hazard. Many millions of dollars are lost by the industries each year through spoilage of material,

lowered production and other forms of inefficiency resulting from eye strain caused by defective vision or improper lighting. While the seriousness of the eye accident problem is steadily increasing in many industrial properties, others have developed means for controlling this problem which have greatly reduced eye injuries among their employees. From a report made by Lewis H. Carris. Brooklyn, June 7, 1924.

Importance of Sanitation Maintenance From the Standpoint of Production and Labor Turnover

Good sanitation pays. A sanitary plant attracts and holds good help, saves the time of the men, and cleanliness makes men neater with their work. A sanitation program should be preventive as well as corrective. The best methods of sweeping and scrubbing floors, vacuum cleaning and washing windows, cleaning electric lights and shades are described. The value of clean lockers and other facilities urged. There

should be ample drinking water and rubbish cans. By William G. Ziegler. *Industrial Management*, June, 1924, p. 368:7.

The Coal Mine Explosion

During the past winter the country has been shocked by one coal mine disaster after another. The U. S. Bureau of Mines elaborates in this article upon these four major precautions to prevent coal mine explosions.

(1) Rock-dust all bituminous and lignite coal mines.

(2) Use only permissible electric lamps or permissible flame safety lamps in coal mines.

(3) Use only permissible explosives discharged with electric detonators—banish black blasting powder from coal mines.

(4) Use as far as possible permissible electric equipment. As fast as new permissible equipment is developed by manufacturers and approved by the Bureau of Mines, adopt it in preference to the old. By C. Lorimer Colburn. *National Safety News*, June, 1924, p. 37:2.

658.447 Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

Insurance Company Has a Hat Shop for Its Girls

The Metropolitan Life Insurance Company has a model dressmaking room and a milliner's workshop to which more than 5,500 girls took their goods and materials last year to be shown how to make them up. These classes were established six years ago and have had a favorable effect on continuity of employment. *N. Y. Times*, June 22, 1924.

Industrial Training

The apprentice system of the Westinghouse Electric & Manufacturing Company is contrasted with the methods in use in small factories of years ago. All industries must more and more do the kind of work that is done at the Westinghouse Company in order to produce a continuous supply of competent workers, otherwise

the manufacturing industries will face a shortage in skilled workers just as the building industry now is suffering from a shortage of its mechanics. By Howell Van Blarcom. *Industrial Education Magazine*, June, 1924, p. 327:2.

Making the Skilled Mechanic of To-morrow

Even though, in these days of large scale quantity production for the large shop and highly developed machine tool equipment for both the large and small shop, the bulk of production work will be carried on by the semi-skilled operator, yet it is quite necessary that there be maintained an adequate supply of intelligent, high grade, broadly trained artisans capable of occupying the leading positions in the shop, also to supply the pinch-hitter, and to provide tool makers and maintenance

men and those to eventually qualify for positions as sub-foremen, foremen, and even higher.

This article describes the plan of the National Metal Trades Association for training apprentices in small shops. It is a cooperative plan to benefit the whole industry and arrangements are also made for cooperation with existing educational institutions. By Frederick A. Pope. *Industrial Management*, June, 1924. p. 363:5.

Vocational Training

In a well illustrated booklet, the R. K. LeBlond Machine Tool Company describes what their vocational training course will do for a boy of sixteen. Possible lines of advancement are indicated, and qualifications of eligible students given. On completion of the course the student is presented with a handsome tool chest, a set of tools and \$100, with a diploma in consideration of faithful service. *Vocational Training*. 24 pages.

What Do Executives Demand Most in Their Foremen?

According to six major executives the following qualities are essential in a good foreman: a real view of what the management has in mind, and the fundamentals of the institution; executive ability; an understanding of the science of management, correct organization and labor management; ability to interpret the business as a whole; cooperation and fellowship, energy, and likability; knowledge-acquiring habits. A well organized system of training is necessary to develop foremen. By Hugo Diemer. *Factory*, June, 1924, p. 819:1.

Americanization Helps Many

That Goodyear foreign-born employees are making every effort to study the language, history and institutions of the United States in Americanization classes conducted by the board of education is indicated in a report just issued by Chester A. Graham, director of Americanization.

Commenting on the good attendance and the helpful cooperation given by the labor department, Graham states that many have made application for second papers as a result of their studies.

"In the Americanization classes we are able to lay the foundation of solid citizenship. The naturalization course gives applicants all they require to know to pass federal examinations, but while we have to teach them certain facts, we are more concerned with developing the mental attitude which every citizen, whether foreign-born or not, should have," he says. *The Wing-foot Clan*, June 4, 1924.

A Dallas Vocational School for Training Skilled Labor

Announcement was recently made of the founding in Dallas, Texas, of a great vocational school for the purpose of abolishing the old-fashioned method of apprenticeship by training boys for all lines of skilled labor. The school is to be non-profit-making, and will therefore be supported by endowments. The courses are planned to include all the skilled trades as rapidly as the demand for the training becomes manifest. *Manufacturers' Record*, May 22, 1924, p. 64:1.

Training Employees

The American Rolling Mill Company has been in the business of training employees for several years, but during the past six years in a more definite and systematic way. A full-time staff of five and a number of part-time instructors varying from six to eighteen offer the following training: The Armco work school, office apprentice course, customers' salesmen's course, foremanship and management, technical and general courses, magazine exchange, Worth Reading Bulletin, cooperative work with the University of Cincinnati and Antioch College, and a summer course for college students. The works school is conducted for the purpose of aiding Armco employees to secure a broad knowledge of business principles in general and a specific knowledge of Armco processes and business methods

in particular. Americanization work includes a class of foreign-born women, wives of men in the plant. Not only has the attendance record in the classes been satisfactory, but the eagerness of each

scholar to improve and the actual results of the training have been very encouraging. By W. H. Minton. Round Table discussion before National Association of Office Managers. June, 1924.

658.45 **Benefit Systems and Incentives: Group Insurance, Pensions, Profit Sharing, Wage Plans, Suggestions, Vacations.**

California & Hawaiian Sugar Refining Company Benefit Association

An Employees' Mutual Benefit Association has been established by the California & Hawaiian Sugar Refining Company. The plan provides financial aid to members in case of disability due to sickness or accident, insurance in case of death, and for pensions if they are deemed practical or advisable. The rules of the association are given. *Industrial Relations: Bloomfield's Labor Digest*, May 24, 1924.

What Is Wrong With Welfare?

The trouble with most welfare work is first, failure to put a capable man in charge; second, failure to see clearly the target aimed at and, thirdly, failure to lay out a working plan. What we need is not a change of name for the work but a change of heart. Industry must be sincere in its desire to promote the welfare of the worker. By Bert Hall. *Industrial Management*, June, 1924, p. 355:1.

Get Highest Awards Ever Paid for Suggestions at Goodyear Tire & Rubber Company

Two Goodyear men are each \$500 richer this week as a result of winning suggestions recommended for this amount and approved by the management. The awards are the highest ever given here.

One is an acetylene welder of many years' experience who has worked from coast to coast. In all his wanderings he has had ideas on a brazing process which has defied scientists for years but which he thought could be successfully evolved if he stuck at it long enough. About a year ago

he perfected his experiments. It has shown complete success in operation.

The other award winner came to Goodyear ten years ago as an electrician. He is known as one of the most prolific suggestors in the organization.

Several years ago he submitted an improvement in mold equipment which brought him \$25, it being felt at the time that it was only temporary. Events since that time have shown that it has been of great benefit so the committee reopened the case and the management made the additional award. *The Wingfoot Clan*, June 4, 1924.

Installing Wage Incentive Systems That Work

After the four factors, personnel, equipment, arrangement of equipment, and methods used had been thoroughly investigated, and the necessary improvements effected, time studies were made on the routine and repetitive operations. A monthly bonus is paid on the expense brought about by: labor, repairs and miscellaneous expense. The objection to a group bonus rewarding the workers, whether slow or fast, in the same amount is answered by having the foreman instruct the slow workers until production is more nearly even. When a standard has been established on any piece of work it should be neither increased nor decreased unless the conditions under which the operation is performed are changed. Especial care should be taken in selecting clerks for the bonus department. The cost of operating such a department can be saved several times during the year, in

the direct labor saved. In addition, the bonus record reflects the efficiency of each individual, group or department. By Earl Beck. *Factory*, June, 1924, p. 826:5.

Clothes and the Man-Factory

On the initiative of the Amalgamated, the men's clothing industry in the Chicago market has made a novel system of unemployment insurance a part of the collective contract. Each worker pays one and one-half per cent of his weekly earnings into an unemployment Insurance Fund; the employers' match the workers' contribution. Benefits to the worker are limited to 40 per cent of full-time earnings, with a maximum of twenty dollars a week for five weeks. When by keeping his men steadily employed an employer keeps his deposit with the fund at a figure sufficient to cover the unemployment risk of his employees for two years, he is relieved of the obligation to make further payments. This is a strong incentive to the management to stabilize production. By R. W. B. *Survey*, June 15, 1924, p. 355:1½.

Employee Representation Plan on the Pennsylvania Railroad

The Federal Council of the Churches of Christ in America made an inquiry among the shop crafts employees of the Pennsylvania Railroad, at the request of General Atterbury, to learn the attitude of the men toward the employee representation plan in operation on the system. A few of the inferences from the investigation are given:

The employees of this road are generally able to earn good wages as measured by the wages obtaining elsewhere and this is one main reason why men like to work for the road.

The plan had not thoroughly won the confidence of the employees as a method of adjusting individual grievances and a large majority of those interviewed were either indifferent or unfavorable to it.

The employees do not regard the plan as affording them any real economic power for the purpose of dealing collectively with the company. On the other hand

many of them are wholly uninterested in regular unionism.

The committeemen under the Company Plan are in general loyal employees and appeared to be hearty supporters of the plan. *Information Service*, June 14, 1924.

Stock Purchase Offer Renewed to Employees

Another offer to assist its employees to purchase the stock of the corporation has been made by the Yale & Towne Manufacturing Company. The plan which the Directors have approved is as follows: Each employee eligible under this plan may obtain stock up to an amount approximating 10 per cent of his annual income from the company. Payment may be made in full in cash, or the company will loan the money, with the stock as collateral, up to an amount not in excess of 90 per cent of the purchase price, this loan to be repaid within one year, in monthly installments, deducted from salary or other pay, with interest at 5 per cent per annum on unpaid balances. The employee will at once become the owner of the stock so purchased and will receive all dividends thereon. The *Yale Panel*, June 1, 1924.

Factory Vacations That Help Instead of Hinder

An examination of the plans of 38 manufacturing companies intimates that a vacation acts as an incentive to a factory worker, and increases his efficiency. Length of service before vacations are granted varies from 9 months to 15 years, the most usual period being 5 years. In only one case, that of the Crane Company, has the experiment been tried and abandoned. The Hammermill Paper Company reports a lower turnover and better morale since their vacation plan went into effect. The Dutchess Bleachery says that a week's paid vacation for all employees of a year's service is "very much appreciated by the operatives. It is a big inducement and one of the causes for our very low labor turnover." One way of helping workers to get the most out of their vacations is to

maintain a vacation bureau to collect and supply information about camping places, interesting and inexpensive trips, special events and so on. A few companies have found it possible to provide vacation homes and camps. The plan of shutting down the factory and allowing all operatives vacations at the same time is becoming more popular thus allowing an uninterrupted period for overhauling equipment. The tendency to spread vacation periods over the whole year is growing. *Factory*, June, 1924, p. 829:4.

Methods of Wage Payment

Numerous incentive methods of wage payment are fully discussed, among which are: The contract system; the time-rate method; the piece-rate system; the Halsey premium plan; the Gantt task and bonus system; the Taylor differential piece-rate plan; the Diemer combined gain-sharing and efficiency plan; the Emerson efficiency plan. *Personnel Management*, LaSalle Extension University, Assignment 26, 1924.

Efficiency of Factory Day Workers

Suggestions on how the efficiency of day workers may be increased to offset the loss of output caused by high labor turnover. Some factories have successfully adopted the compromise bonus plan to solve this problem. The workers are paid a pro rata amount for all work done above a fixed standard with the understanding that any improperly finished work will reduce the bonus paid. This has given excellent results in such manufacturing concerns as foundries, automobile factories and shoe factories. *Sales Managers' Bureau Bulletin*, June 13, 1924.

Employee Stock Investment—Its Place in Industrial Relations

It is shown that stock investment by employees has won considerable popularity. The usefulness of stock investment as a factor in promoting better industrial relations is substantially different from that of other plans. Arrangements among some of the leading companies are sketched. If the end of these plans be to

create a stable organization of employees with the largest practicable number of them as permanent stockholders, then they are well designed for that purpose. *Law and Labor*, June, 1924, p. 169:2.

Eye Hazards in Industry

The solution of the eye hazard problem depends principally upon three forces: legislation, education, and organized accident prevention activities in industry. There must first of all be laws requiring the reporting of accidents, specifying safeguards, and providing for the compensation of injured workers. Intelligent legislation, fair to both employer and employee, is a prerequisite for the prevention of eye accidents, as well as for other forms of industrial safety work. *Industry*, May 24, 1924.

Rules for Suggestions by Company Employees

The Commonwealth Edison Company has adopted the following rules regarding the routine to be followed in making suggestions:

One dollar will be paid for each accepted suggestion. Additional prizes for acceptable suggestions from employees will be awarded annually on the following basis:

1. There shall be not less than four prizes.
2. The amount of the First Prize be not less than \$50.00.
3. Prize of \$10.00 for greatest number of accepted suggestions.
4. The total amount of all such prizes shall not exceed \$300.
5. The Advisory Committee may award additional prizes for exceptionally meritorious suggestions provided that the total amount of the prize for any one suggestion shall be such amount as the Advisory Committee shall determine for each case.

Annual prizes will not be awarded for suggestions for which patent or copyright has been obtained in which the company has become interested.

An employee leaving the service of the company shall not be eligible for any

of the prizes awarded that year. In case the employee leaves the company any time between the close of the year and the awarding of the prizes, he shall be eligible for a prize. *The Edison Round Table*, May 15, 1924.

Stock Offering to Employees

Terminal Barber Shops, Inc., of New York City, have just launched a plan whereby employees can purchase a special preferred stock issue of the company, paying cash or in instalments. The stock is seven per cent cumulative, preferred, non-voting, redeemable, and preferred both as to assets and dividends over the common stock of the company. While every employee receives many benefits, the greatest returns come to those who stay six years in the employ of the company, retaining

their stock. *Industrial Relations: Bloomfield's Labor Digest*, June 7, 1924.

Special Pension Plan of the American Express Company

The pension plan of the American Express Company makes provision for those who have reached the retirement age, but are still anxious to continue at work, and are physically capable of doing so. Not many plans have this provision, and in some cases, the health of the retired worker, who has nothing to do, breaks down. There are no objections to a retired employee engaging in work outside of the company's field, after he retires, provided such activity is not contrary to the interests of the company. *Industrial Relations: Bloomfield's Labor Digest*, May 31, 1924.

658.46 Labor Relations: Collective Bargaining, Arbitration, Employee Representation, Organized Labor

B. & O. Railroad Shop Men Favor Co-operative Plan

The A. F. of L. states that the Glenwood cooperative plan has been unanimously indorsed by the annual convention of the Baltimore & Ohio system federation No. 30, in Philadelphia. The plan has been in operation fourteen months in the Glenwood shop of the B. & O. railroad. Three months ago it was extended to the forty-four shops of the entire system. This plan is along the lines trade unionists have always urged. It is simplicity itself, but it promises to revolutionize the relations between employees and railroad management. *Industrial Relations: Bloomfield's Labor Digest*, June 7, 1924.

Labor-saving in the Printing Industry in Germany

"The Latin style of print is used in business in Germany and all their typewriters have the same kind of letters as ours, but all the material that falls into the cultural or social field is printed with the German letters. A well-stocked print

shop in Germany must always have about seven hundred styles of Gothic letters.

"But the important thing after all in the printing industry is the organization of labor. In the past, wages have been low in Germany, and it has not been necessary to economize on a workingman's time. It has been the material that has been expensive. Now they are interested in labor-saving devices, and in systems that will reduce the human power employed to a minimum." By Wilhelm Goebel. *The Pennsylvania Register*, June 7, 1924.

Value of Injunctions in Labor Disputes

The benefits from injunctions are, to say the least, questionable. Employers who have relied upon them to protect their property and their employees have often found that they afford but poor protection. Nor is there any evidence that injunctions have prevented strikes or hastened their settlement. The bitter feeling aroused by them renders timely serious attention to the question, whether there is not some better way of dealing with

labor disputes than now exists. By E. E. Witte. *Journal of Political Economy*, June, 1924, p. 335:22.

Railway Workers' Rights

The Railroad Labor Board represents a direct attack upon the principle of collective bargaining. The board established the individual and the company union as the unit in all controversies between railroads and their employees. The organized railroad workers believe that their unions must either strangle the Railroad Labor Board or be strangled by it. *Nation*, June 11, 1924, p. 669:1½.

Collier's Plant to Move to Ohio

Collier's is joining the group of magazines which have left New York in the last two or three years, principally because of conditions imposed by unions in the printing trades.

Beginning with the June 7 number, *Collier's* will be published in the plant of the Crowell Publishing Company at Springfield, Ohio. The editorial and business departments will remain in New York.

The Bernarr MacFadden publications,

twelve magazines with a circulation said to be in excess of 4,000,000 monthly, may soon move to Dunellen, N. J. *Collier's*, with a weekly circulation of 1,250,000, makes the ninth magazine to leave New York within the last year and a half. The publication will be made up under open shop conditions. In New York it was printed under closed-shop regulations. The removal of the plant will throw 300 employees of the mechanical departments out of work.

In the last three years the Hearst magazines have moved to Chicago; *Harper's* to Camden, N. J.; the Williams Printing Company to Albany; McCall's to Dayton, Ohio, and the Condé Nast publications to Greenwich, Conn. The Nast publications, including *Vanity Fair*, *Vogue* and *House and Garden*, are conducted under open-shop conditions.

Although the employing printers sent an ultimatum to Typographical Union No. 6 on April 8 calling for the negotiation of a definite arbitration agreement in advance of the expiration of the contract on Oct. 1, no progress has been made and the union has not committed itself on the question of arbitration. *N. Y. Times*, March 27, 1924.

658.51 Planning: Job Analysis, Standardization, Routing

Quantity Control of Inventories

Simplification of materials records enable increased production. A monthly forecast sheet provides the General Manager with information as to customer's orders which appear as debits, and material purchased, in the form of credits. Inventory control is achieved by specifying delivery of materials a suitable period in advance of the estimated production for three to five months ahead. In continuous process manufacturing production is controlled by keeping the line full and maintaining a bank of finished parts at the end of the line. Material and production records are kept separately. Expense materials, when

requisitioned are immediately charged against a departmental account and absorbed into the plant overhead. By E. Karl Wennerlund. *Management and Administration*, June, 1924, p. 677:6.

What a Planning Department Does

The selection of the proper sequence of operations and the equipment to be used for any piece of work has been left in many of the smaller plants almost entirely to the discretion of the several foremen. But it is possible to make use of the foreman's intimate knowledge without burdening him with the necessity of remembering or making a record of all of the processes or equipment used. Such information,

properly recorded and properly filed in the Production Planning Department, forms the basis for scheduling future orders for

the same part or assembly without confusion or delay. By F. D. Gaskill. *Yellow Cab and Coach Factory News*, June, 1924.

658.53 Production Records: *Time Cards and Performance Records*

What Schedule Means

The various steps in a systematically planned schedule as used by the Baker-Vawter Company are described. The status of any given schedule can be determined at any time. If a model is to be discontinued it is known exactly how many more can be made and how long it will take. A semi-monthly report ties together all data on production and gives a close check on varying sales. It gives the quantity of all finished stock available and the quantity in process and in the various departments. When determining the number of the various models to be run in any one schedule this report gives the basis of the apportionment. By D. M. Cunningham. *Partners*, Spring, 1924.

Distribution of Overhead to Jobs

Material costs are shown by the stores-inventory cards, and direct labor by the job cards. A system for exactly allocating indirect expense has not yet been devised, but approximate distribution may be made in various ways. Methods of distributing factory overhead are: as a percentage of direct labor cost, as a percentage of direct material cost, as a percentage of prime cost, or by machine

hourly rates. The latter method has as its basis the treatment of a factory as an "aggregation of production centers or little shops." Administrative expense is usually distributed as a percentage on Factory Cost (direct labor plus direct material plus indirect expense). Periodical readjustment is necessary in expense rates. The method of distribution providing a compromise between simplicity and approximate accuracy is the one to select. By Geoffrey C. Brown. *Management and Administration*, June, 1924, p. 683:6.

Production Time Study Installation

The best possible sequence of work and the nicest of methods will not give the desired results until conditions under which the shop is to operate have been studied and standardized. It is largely in the establishment of standardized conditions that time study is fitted into the general shop management and made a smooth working part of the whole. The method of supervision, scheduling of production, and the way in which the different conditions, varying in weight and number, are to be cared for, all must be settled before standard times can be determined. By Harry K. Reed. *Industrial Management*, June, 1924, p. 375:8.

658.56 Shop Organization: *Methods, Salvage, Waste*

How Mechanical Handling Is Revolutionizing All Industry

About 1900 America had a shortage of skilled labor, and automatic machinery began to take the place of much skilled labor. This has led to a lowering of production costs and greater opportunity for the skilled workman. Now we have a shortage of unskilled labor and more

and more restrictive immigration laws. In the last decade a few industrial leaders have been investigating the conservation and proper application of its common laborers. The war necessitated replacement of manpower by mechanical devices, especially material-handling machinery. Such equipment saves money, time and space. It is being used even

in China where labor is cheap. The article gives many illustrations that prove that all industries can use them. Often they can be paid for out of savings in cost of production. By Matthew W. Potts. *Industrial Management*, June, 1924, p. 348:8.

Motor Production at the Schenectady Plant

The manufacture of the three main parts of the standard motor is so scheduled that they arrive in the assembly department at the same time. They are then assembled together and passed into test to be run, and for the recording of electrical data. In the electrical test, such mechanical defects as tight bearings, end thrust due to magnetic pull, unbalanced and unequal air gap are discovered as well as any coil faults. By John Van Deventer. *Industrial Management*, June, 1924, p. 343:5.

Organizing to Prevent Materials Waste

"Lack of standardization has undoubtedly more to do with high cost of the finished product than any other one item, even labor." The Westinghouse Company uses a Standards Book as the basis for regularizing materials, and more complex matters not cared for in this way are referred to a Standards Committee who in turn appoint sub-committees, when necessary. In developing purchasing specifications the arrangement adopted by the

American Society of Testing Materials is followed. The importance of manufacturing allowances is mentioned. By C. B. Auel. *Management and Administration*, June, 1924, p. 669:5.

Building Tractors Under Scientific Management

The application of scientific management to the making of caterpillar tractors has resulted in the production of the factory equalling daily for 600 consecutive working days the schedule of programs laid out no less than four months preceding. Conditions following the armistice brought to light the necessity for bringing production under control, and for reducing costs by the more efficient utilization of labor. How this was accomplished and the above record established will be described in the series of articles of which this is the first. By George D. Babcock. *Management and Administration*, June, 1924, p. 647:5.

\$100,000 a Year Waste Stopped by Good Management

The methods by which the L. E. Waterman Company reclaim annually much valuable material are given here. The principle involved is fundamental in every manufacturing plant. Executives will find unsuspectedly large dividends upon applying this principle in practically any enterprise. *Management*, June, 1924, p. 46:3.

658.8 SALES MANAGEMENT

658.81 Organization of Department: *Employment, Analysis, Salaries*

The Right Way to Cut Expenses

Outlines some of the policies of Selfridge and Company, Limited, London. Primarily, customers are gained and held by selling honest goods at honest prices. But in addition, certain amenities are needed to give the house a personality. One of

the unique features is an information bureau, which has achieved such an enviable reputation that several times it has been telephoned to for information during the course of debates in the House of Commons. Another thing which gives the house a "personality" is the exceedingly

good-looking uniform for the lift girls and another for the waitresses.

The plan for keeping a close check on expenses is given in detail, illustrated by

the chart that is used in the tabulation. This chart gives a summary of the entirety of the operation. By H. Gordon Selfridge. *System*, June, 1924, p. 761:4.

658.82 Sales Promotion: *Letters, House Organs, Advertising*

Do You Write Letters That Sell or Just Answer Inquiries?

Specific examples of actual letters sent out by well-known firms are quoted. A simple rule to follow which will save many opportunities which are now slipping past is to read one's letter over from the point of view of its recipient. It is possible to make or lose many thousands of dollars of profits by the letters that are dictated every morning, and it is best to cash in on the opportunity. By Donley D. Lukens. *Sales Management*, June, 1924, p. 1069:2.

Building a Successful Sales Manual

The best manual comprises the elements of an Annual Sales Convention. The complete description of a Hardware Sales Manual, which could be adapted to another business, is given. It contains seventeen chapters, a foreword and appendix. By F. Juraschek. *Management and Administration*, June, 1924, p. 674:3.

The Advertising Agency vs. The Sales Department

More and more there must be a tying up of the work of the advertising and the sales departments. In many cases the solution will be found if an advertising agency has within its ranks a strong department composed of able Sales Managers who believe in and understand the force

of advertising. If such men are put in tune with those who have advertising ability success is assured. By Chas. W. Hoyt. *Saint Louis Sales Managers' Bureau Bulletin*, May 30 and June 6, 1924.

Mechanical Methods for Reproducing Sales Bulletins

Information about the Multigraph, the Mimeograph, the Rotospeed, Ditto, Speedograph, Alexco Duplicator, also, the Addressograph, Elliot Addressing System, and Belknap Addressing System. Report No. 168. Dartnell Corporation. 12 pages with appendices.

658.83 Sales Records:

How I Learned to Find Hidden Sales Facts in Graphic Charts

The experiences of a sales manager in his use of graphic charts. They relieve him of the worries of interpreting sales results from a dizzying mass of figures. He is able to secure a fair view of the sales work with sufficient promptness to make it possible to act while issues are still alive. The charts are giving him practical help in the management of 137 salesmen, and in comparing their present records with the records of three preceding years. By Henry M. Roberts. *Sales Management*, June, 1924.

658.85 Benefit Systems and Incentives: *Bonus Plans, Vacations*

New Laws Sought for Retail Clerks in England

The Shop Assistants' Union believes that the proposed new laws which they re-

cently submitted to the Labor government will be passed in part, at least. These provide for a 48-hour week, two weeks' vacation with pay, an hour off for lunch,

abolition of fines and deductions, and a code of health and safety provisions. *Industrial Relations: Bloomfield's Labor Digest*, May 24, 1924.

Encouraging and Developing the Thrift Habit Among Sales Workers

Most compensation plans make no provision for periods of business inactivity. The concern must either make excessive advances or adopt the expensive process of letting the force of salesmen go only to be recruited and trained later. This report states the advantages of a thrift program and recommends eighteen general principles. It describes the Fuller Brush joint bonus and saving plan, the Thrift Club plan, the Credit Union plan, the Monroe Calculating Machine Company bonus plan, the Westinghouse Electric and Manufacturing Company life insurance and savings plan, the Domestic Electric Company save at the factory plan, the General Motors plan for managers, the Standard Oil Company (Indiana) stock ownership plan, and the Hurley Machine Company's plan for loans on stock. Report No. 170, Dartnell Corporation, pp. 1-23.

658.89 Salesmanship:

A Group of Salesmen Who Learned to Run Their Own Sales Department

The Autocar Sales and Service Company have established a self-governing association, taking the form of four committees to cover the scope of the work required within the organization. They are the Educational Committee, Committee on Sales Promotion, Action Committee, and Entertainment Committee. This form of management develops the salesmen's initiative and resource by giving them the chance to work out their own problems.

The ultimate wish of the manager, of course, is the fulfilment of quotas and when he makes known his demands as to the best method of their fulfilment the combined resources of a well-trained, expe-

rienced group can come to a practical conclusion in a short time. By J. S. Conroy. *Sales Management*, June 1924, p. 1067-2.

What Facts Are Necessary to Set Quotas?

The first of two practical articles on sales quotas. The first consideration is to know where to get the facts. The starting point of territorial quota data is population. Figures by counties are readily secured from various sources, and there is also data on the types and kinds of people. The county is the unit which has been used with the greatest success. By E. P. Cochrane. *Advertising Fortnightly*, May 21, 1924, p. 21:1½.

Applying Quotas in Sales Practice

The second of two practical articles on sales quotas. Quota data develops a sense in the salesmen of being treated with mathematical justice, and greatly stimulates competition as well as destroys "territory delusions."

The sales manager, with quota data, can determine with accuracy and fairness the extent of each salesman's territory, and many other facts of importance in this connection.

Scientific quota selling gives the company a definite plan for production and advertising. With knowledge of past performances and an accurate basis for estimating future ones, the financial needs can be determined more easily, and secured more readily. By E. P. Cochrane. *Advertising and Selling Fortnightly*, June 18, 1924, p. 19:1½.

Are Sales Managers Blind to Canadian Sales Opportunities?

The Canadian market of tomorrow is what the far-sighted sales executive should have in mind, a market, not of nine million individuals, but of twenty, thirty or fifty millions. There is no other commercial opportunity to equal it for these reasons: Canada has a government as liberal as our own. Transportation facilities are more than adequate to any demands that may be made upon them. The Canadian

banking system is noted for elasticity and its ability to adapt itself to the requirements of industry. And finally it has the same tastes and social customs, the same language, and an astonishing similarity in ideas. By Roy W. Johnson. *Sales Management: British Market Section*, June, 1924, p. 1182:3.

Where Can I Park My Car?

One of the most successful department stores in the Middle West is to abandon its present location in the thick of the retail center and move out two or three miles to a comparatively quiet section in the outskirts. Investigation has convinced the proprietors that they will gain more trade from the shoppers who come by automobile than they will lose by being removed from the route of the downtown pedestrian who enters the store on the spur of the moment. By Fred C. Kelly. *Nation's Business*, June, 1924, p. 26:2½.

Strategy Wins!

Not every salesman is a strategist. Commonly, the successful strategist is the man who has given the subject a great deal of careful thought. He has drawn from every source and tried out his material in the field to determine the worth of his ideas. By B. C. Bean. *Salesology*, June, 1924, p. 9:3.

The Passenger Car as a Selling Aid

The fundamental mistake which has marred the record of many otherwise able sales executives in connection with their decisions in favor of their salesmen using automobiles, has been the complete ignoring of the essential differences between the problems of various types of salesmen. For example, it may be wholly wise to invest \$50,000 in automobiles for salesmen, and wholly unwise to invest \$150,000 or \$200,000 for the same salesmen. *The Commercial Travelers' Magazine*, June, 1924, p. 183:8.

Should Sales Executives Do Personal Selling?

The policies of a few large companies are given, such as the Goodyear Tire and

Rubber Company, the Bussman Manufacturing Company and the Royal Distributing Company, Inc. Generally speaking, branch managers or territorial sales managers are hired principally because of their selling ability. On the other hand, the general sales manager need not primarily be a salesman. He must be, above everything else, an executive. Some distinguished exceptions to this rule are Samuel Vauclain, president of the Baldwin Locomotive Works, and Schwab, of the Bethlehem Works. By the Editor. *Printers' Ink*, May 29, 1924, p. 25:2.

The Difference Between the Data Hound and the Data Expert

When the data hound surrounds himself with charts and diagrams, drawing therefrom no working deductions, he is futile. The skilful user of data knows how to make others collect his facts and start the work, finishing the job himself by interpreting and distributing the facts. By James H. Collins. *Printers' Ink*, June 5, 1924, p. 3:6.

A Sales Contest That Didn't Overload the Dealer

In arranging a contest for making a sales drive on their Clamp-o-Set Lamp, the Bussmann Manufacturing Company analyzed the problem and produced a plan which first induced the jobbers' salesmen to push their sales. Realizing that unloading the goods on the retailer is not selling them, the company announced it would award the prizes on the basis of sales made not to the retailer but to the customer. Prizes were also offered to the jobbers' salesmen, and to customers of retail stores who submitted the largest list of uses for the lamp. The plan was sold to the jobber by mail and to the public by newspaper advertising. By C. M. Harrison. *Printers' Ink Monthly*, June, 1924, p. 43:2.

How to Cut Wholesale Selling Costs

Details of the Bronson & Townsend Company's plan show that a net profit of approximately 3 per cent on its gross sales

has been maintained for the past six years, and competition has been practically eliminated. A primary factor of the plan was always to sell the dealer a proposition designed for his own benefit. A monthly price-change sheet and advertising material

were furnished to the dealer. An analysis of the costs of distribution was made. Strict adherence to the 3 per cent margin was kept regardless of temporary conditions in the market. By James True. *Printers' Ink Monthly*, June, 1924, p. 74.

Survey of Books for Executives

An Outline of the British Labor Movement. By Paul Blanshard. George H. Doran Company, New York, 1923. 174 pages.

In his introduction to this book, Arthur Henderson refers to it as a flash-light picture, and that, in the main it is.

The point of view of the author is frankly that of an admirer of what he finds or, more still, an enthusiast. A more objective treatment could be expected to bring a better perspective. When the author touches upon some of the larger problems—political complications rather than details of programs, general economic bearings rather than specific economic demands—his limitations stand forth plainly. Consider, for example, such a passage as the following (p. 63), where both fact and theory appear in distortion:

"... The British workers are anxious to form a real alliance of the working classes of the two English-speaking peoples not only because such an alliance would have tremendous power in enforcing union standards but because the economic future of Great Britain and the United States are bound up together. Low wages and long hours in America lead to low wages and long hours in Great Britain: economic depression in Great Britain leads to unemployment in the United States."

Despite such limitations as I have indicated, the book will be useful to many as an introductory account of the very interesting situation which has for years been developing in England.

ROBERT F. FOERSTER, *Director,*
Industrial Relations Section,
Princeton University.

The Strike for Union. By Heber Blankenhorn. H. W. Wilson Co., New York, 1924. 259 pages.

"The Strike for Union" is a crusader's account of sixteen months' peaceful warfare in Somerset County, Pa., in 1922 and 1923. The strike, as pictured in this book, was a local uprising under local and volunteer leaders; it was touched off by a half-considered invitation from the United Mine Workers of America that all non-union districts join in the 1922 strike, and was supported by the leaders and membership of John Brophy's District No. 2. The book recounts conditions underlying the strike which have often been described in the annals of coal: company towns closed to union organizers and policed by mine guards and company-paid deputies; county governments, including sheriffs and judges, dominated by the operators; no check-weighmen; no procedure for adjusting grievances; unchecked powers of discharge; arbitrary wage changes; the abuses of company stores. Against these conditions something like 4,400 employees walked out. There followed the usual course of events: evictions, tent colonies, injunctions, policing by redoubled forces of mine guards, arrests—including some visitors from New York—a few cases of dynamiting. But, on the whole, the strike went off peacefully, if existence under military rule can ever be termed peaceful; there were no armed marches or massacres.

Determined efforts at strike breaking by the operators, together with union politics, finally broke up the strike in its sixteenth month. In fact, this account, if taken as correct, assigns a predominant cause of

failure to the lack of international union support. Local zeal backed by district funds alone could not carry the day for the workers. On the other hand, the ability of the United Mine Workers of America to have won the strike at that juncture is by no means clear.

Such an exposition of the strike as this book offers may have the effect of persuading labor that emphatic demonstrations of the grievances and desires of employees in a particular locality have little weight with their employers unless seconded by an outside force. Here was a case of spontaneous demand. The strike, unless all the evidence in this book points the wrong way, was not engineered by "walking delegates." In fact, the international organizers were conspicuously absent. The Somerset operators, however, ignored the demonstration and resisted the demand. They even rejected the modus vivendi proposed by one of their own number, The Consolidation Coal Company. They are in the strange position of so dreading an outside force that they refuse to touch even an alternative aimed at removing the underlying causes for local discontent—a position which is likely to end only in a pitched battle against the outsider, the United Mine Workers of America.

The book, though written at white heat, one might say, really produces no major impression that has not already been recorded time and again by observers both inside and outside the coal industry. Its general pictures of the operators and of the union can be easily verified. What the book perhaps fails to bring into the picture are the economic difficulties of the coal industry. Over-production, over-equipment, instability of prices, while they cannot be blamed upon anyone in particular, are responsible in large measure for the chaos and the intensity of the struggle. Furthermore, the writer, while describing the results of a military régime within the union, fails to picture its counterpart, the effects of militant, uncompromising external tactics. Just as democracy has been crushed inside the union, so on the outside the possibilities of extending collective bargaining

by cooperation with some operators have been sacrificed. The author of this book looks toward bringing order and peace into the coal industry by nationalization achieved through the efforts of the miners' union. Those who think of a possible solution in terms of cooperation rather than of nationalization will regret the bitterness and the hostile appeal of these pages. However, so long as conditions of the Somerset type exist, books like this will be written. The real challenge of the book to the constructive element among the operators is: Can Somerset conditions be changed without Federal intervention? And will there be any inducement to the United Mine Workers to abandon their uncompromising policy in favor of growth through cooperation with this constructive element?

JEAN A. FLEXNER.

The Merchants' Manual. By Lew Hahn and Percival White. Published under the auspices of the National Retail Dry Goods Association by the McGraw-Hill Book Company, New York, 1924. 614 pages.

The Merchants' Manual represents the first attempt that has been made to describe systematically under one cover the operations of retail stores. The body of the contents is divided into six sections—Physical Factors, Store Operations, Store Organization and Management, Merchandising, Personnel, and Special Service. Within these sections 37 operations are listed.

The authors have gathered together material that is interesting, valuable and comprehensive in outline. While none of the topics are treated exhaustively, the book is of value in other ways. It is the first attempt to organize the field and present the matter systematically in one book. It will be found very useful to the small merchant who does not have experts in each of the lines described and will be of value to the merchants of larger stores who wish to get a systematic view of the field. It will also be very useful to a great number of students who are taking up merchandising, although for them the

usefulness might have been increased by the presentation of bibliographies.

The material was made more useful because of the fact that many examples of the procedure used in different stores are included, and so many of these are contained in the book that it quite well deserves its title of manual. The merchants can turn to it for all kinds of information. Mr. Hahn, as the Managing Director of the National Retail Dry Goods Association, and his associate, Mr. White, had at their command from this source a great mass of information which they have outlined well.

W. W. CHARTERS, *Director,*
Research Bureau for Retail Training,
University of Pittsburgh.

Handbook of Sales Management. By S. Roland Hall. McGraw-Hill, New York, 1924, 995 pages.

Most sales executives are so busy with their own particular end of the selling game that they never get time to sit on the side-lines, so to speak, and see how the other fellows play the game. True, some of them find opportunity to read current literature, which describes some new play or effective formation, but they seldom are able to divorce present matters long enough to study the game in all its phases and keep up with advances in knowledge, technique, strategy and organization.

Under the circumstances, sales executives should be properly grateful when some one takes note of this situation and does the job for them, especially when the job is carefully done by a competent man. This is precisely what Mr. Hall has done in his *Handbook of Sales Management*. Three facts about the volume stand out as significant. It is written from a varied experience and careful study, rather than from long experience in a particular line of work; it goes beyond principles to the specifics of successful practice; it maintains the point of view

that successful selling requires organized effort based on facts.

The author and the publisher put their heads together and decided that the profession of sales management would appreciate an authoritative volume which covered not only the sound principles of salesmanship and sales management, but also, and especially, how those principles had been applied in hundreds of successful sales organizations. Naturally the author has functioned mostly as a reporter and editor, and much of his material suffers from the fact that it is his summary of what someone else had reported about how the thing was done. Magazine articles and answers to questionnaires are not always faithful to details and sometimes picture what ought to be rather than what is. But care and discrimination seem to have been used in the selection of sources. The author has been true to his definition of the new salesmanship, which means, he says, "a search for and summing up of all facts, principles, methods or mediums that will likely increase the sale of the product or service to be marketed; a means of finding the most suitable men or women for the sales work; a scientific method of training and directing the efforts of these persons, so that every member of the organization may profit by the sum total of knowledge and experience." (p. vii.)

The book is written in breezy style and at once disarms the suspicions one usually has of any volume which has almost a thousand pages. The wealth of data and illustrative matter relieves it from any monotony of style and maintains the reader's interest.

You'll not read it through—neither has the reviewer—but you'll find several chapters you're interested in right now and then you'll lay it aside, within easy reach, with the mental notation to be sure to read chapter so-and-so next month when the question of training, or credits or quotas, or what not, comes up.

H. G. KENAGY,
Sales Research Department,
The Procter & Gamble Company.